(iv) Cancellation of licence and settling the insurance claim through the Deposit Insurance Credit Guarantee Corporation in case the efforts to. rehabilitate/merge with strong bank does not materialize;

(v) Instituting criminal proceedings against the Board of Directors and other executives of the banks concerned.

India Millennium Deposit by SBI

96. SHRI P.K. MAHESHWARI: Will the Minister of FINANCE be pleased to state:

(a) whether some foreign banks had mobilised the $ 5.5 billion under the India Millennium Deposit (IMD) schemes on behalf of the State Bank of India;

(b) if so, the total commission received by these banks;

(c) whether these banks had received this commission in dollar terms which have been passed to the NRI investors abroad;

(d) if so, the reasons for imposing income-tax on such commission; and

(e) the steps taken by the RBI/Government to settle this dispute between the SBI and the foreign banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) State Bank of India (SBI) has reported that the foreign banks had mobilized around US $ 4.2 billion under the India Millennium Deposit Scheme on behalf of SBI and the total commission received by these banks was Rs. 360.23 crore in rupee terms.

(d) and (e) SBI has further reported that foreign banks' fee/ commission was paid without deducting tax at source in cases where the bank concerned produced necessary authorization u/s. 195(3) of the Income Tax Act, exempting receipts from TDS and in other cases tax was deducted at source.